

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

198

SUMMARY OF AUDIT REPORTS
ISSUED ON FINANCIAL AID PROGRAMS
AT THE
CALIFORNIA STATE UNIVERSITY AND COLLEGES

NOVEMBER 1973

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November 15, 1973

Honorable Willie L. Brown, Jr.
Chairman, Assembly Ways and Means Committee
Room 319, State Capitol
Sacramento, California 95814

Dear Willie:

Transmitted herewith is a summary of audit reports issued on financial aid programs at the California State University and Colleges.

HEW has audited programs on only two of the 19 campuses in the last three years. These programs are the Nursing Student Loan Program, the Educational Opportunity Grants Program, the College Work Study Program and the National Defense Student Loan Program at the Fresno campus and the National Defense Student Loan Program and the Law Enforcement Education Program at the Sacramento campus. HEW is currently auditing student financial aid programs at Sonoma. HEW audits relate primarily to compliance with federal regulations.

The Department of Finance of the State of California has issued two audit reports in the last two years relative to the financial aid programs at Sonoma State College and Los Angeles State University. The Department of Finance reports indicated failure to comply with federal regulations and a lack of systems to effectively and efficiently administer the financial aids program. General corrective actions were recommended.

The Trustees' Audit Unit issued reports in late 1972 and early 1973 on student financial aid programs at six state university and college campuses and on systemwide administration. The audits and recommendations made by the Trustees' Audit Unit appear to be sufficient to identify significant administrative deficiencies and practical means for their correction.

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The student financial aid programs at two campuses were described by the Trustees' internal audit unit as operating under serious administrative deficiencies. The other four campuses were described as competently administered. New Directors of Financial Aid have been appointed by each of the two deficient campuses.

The major recommendations of the Trustees' Audit Unit are directed towards strengthening the program direction and control of the Chancellor's office to provide statewide systems for the consistent administration of student financial aid programs and to provide periodic on-campus reviews to assure compliance with the Chancellor's directives. Other recommendations of the Trustees' Audit Unit relate to improving administrative procedures, housekeeping and documentation at the campuses to comply with federal regulations.

In recent years, there has not been enough auditing of the programs to assure uniform and sound administration. However, at present it appears that sufficient review is being made by the Trustees' internal audit unit and the consultant to the Ways and Means Committee to serve the needs of the Legislature. Therefore, we are terminating the assignment.

You have requested our recommendations as to what actions the Legislature should take to prevent the abuses noted by existing audit reports. We believe the recommendations of the Trustees' Audit Unit and those of the consultant to the Assembly Ways and Means Subcommittee on the Administration of Student Financial Aids are sound. At this point in time, having made no review of our own, our only additional suggestion is that the Legislature followup at an appropriate time to determine through review and audit tests that appropriate corrective actions are taken by the Chancellor's office and implemented by the campuses.

Please let me know if the Audit Committee can be of further assistance to you.

With my warm best wishes,

Sincerely,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

Attachment

Summary of Audit Reports Issued On
Financial Aid Programs
California State University and Colleges

<u>Report No.</u>	<u>Campus</u>	<u>Report Description</u>	<u>Audit Period Or Report Date</u>
<u>United States Department of Health, Education and Welfare</u>			
30181-09	Sacramento	Nursing Student Loan Program	7-1-69 to 6-30-72
30158-09	Sacramento	Law Enforcement Education Program	7-1-70 to 6-30-72
34022-09	Fresno	Nursing Student Loan and Scholarship Program	1-1-70 to 3-31-72
34021-09	Fresno	Educational Opportunity Grants Program	1-15-73 to 3-31-72
34020-09	Fresno	College Work-Study Program	7-1-70 to 3-31-72
34019-09	Fresno	National Defense Student Loan Program	1-1-70 to 3-31-72
14061-09	Fresno	College Work-Study Program	7-1-68 to 6-30-70
10407-09	San Francisco	Law Enforcement Education Program	2-1-69 to 6-30-70
10306-09	San Francisco	Nursing Student Loan Program	5-1-66 to 6-30-70
10307-09	San Francisco	Economic Opportunity Grants Program	7-1-66 to 6-30-70
10404-09	Sacramento	Law Enforcement Education Program	12-26-68 to 6-30-70
10362-09	Polytechnic College	Law Enforcement Education Program	7-1-69 to 6-30-70
10361-09	Polytechnic College	Educational Opportunity Grant Programs	7-1-66 to 6-30-70
10291-09	Hayward	Educational Opportunity Grants	7-1-66 to 6-30-70
10292-09	Hayward	Law Enforcement Education Program	12-28-68 to 6-30-70

<u>Report No.</u>	<u>Campus</u>	<u>Report Description</u>	<u>Audit Period Or Report Date</u>
100919-09	San Jose	Nursing Student Loan Fund Program	7-1-66 to 6-30-69
10018-09	San Jose	Educational Opportunity Grants Programs	7-1-66 to 6-30-69
10051-09	San Diego	Review of Educational Opportunity Grants	7-1-66 to 6-30-69
10050-09	San Diego	United States Loan Program for Cuban Students	9-14-62 to 6-30-69
00449-09	Humboldt	Nursing Student Loan Program	6-14-68 to 6-30-69
00448-09	Humboldt	Nursing Education Opportunity Grants Programs	7-3-68 to 6-30-69
00406-09	Sonoma	Educational Opportunity Grants Program	8-5-66 to 6-30-69
00341-09	San Jose	Nursing Educational Opportunity Grants	7-1-67 to 6-30-69
00282-09	Sacramento	Educational Opportunity Grants Program	7-1-66 to 6-30-69
00372-09	San Jose	Loan Program for Cuban Students	7-1-66 to 6-30-69
00349-09	Sacramento	Nursing Student Loan Program	1-12-65 to 6-30-69
00275-09	Sacramento	Nursing Educational Opportunity Grants Program	7-1-67 to 6-30-69
00207-09	Northridge	Educational Opportunity Grant Program	7-1-66 to 6-30-69
00083-09	Chico	Educational Opportunity Grant Program	7-1-66 to 6-30-69
00154-09	Stanislaus	Educational Opportunity Grant Program	7-1-66 to 6-30-69
10049-09	San Diego	Nursing Student Loan Program	7-1-65 to 6-30-69

<u>Report No.</u>	<u>Campus</u>	<u>Report Description</u>	<u>Audit Period Or Report Date</u>
10090-09	San Bernardino	Educational Opportunity Grants Program	7-1-66 to 6-30-69
10067-09	Humboldt	Educational Opportunity Grants Program	8-1-66 to 6-30-69
10460-09	Fresno	Educational Opportunity Grants Program	7-1-68 to 12-31-69
10459-09	Fresno	Nursing Student Loan Program	7-1-68 to 12-31-69
10458-09	Fresno	Nursing Educational Opportunity Grants Program	7-1-67 to 6-30-69
14009	Fresno	National Defense Student Loan	7-1-68 to 12-31-69

Department of Finance - State of California

SCSO-39	Sonoma	Financial Aid Programs	7-5-72
SJLA-82	Los Angeles	Financial Aid Programs	6-21-73

Trustees' Audit Unit, California State University and Colleges

CSCSO 72-1	Sonoma	Administration of Financial Aids	12-19-72
73-3		Systemwide Review Administration of Financial Aids	5-16-73
73-4	Humboldt	Systemwide Review Administration of Financial Aids	5-16-73
73-5	Dominguez Hills	Systemwide Review Administration of Financial Aids	5-16-73
73-6	San Francisco	Systemwide Review Administration of Financial Aids	5-16-73
73-7	Northridge	Systemwide Review Administration of Financial Aids	5-16-73
73-8	Fresno	Systemwide Review Administration of Financial Aids	5-16-73